

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /130 W
-----087293 130301Z /14

R 121056Z SEP 78
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 1376

C O N F I D E N T I A L JAKARTA 12341

E.O. 11652: GDS
TAGS: ENRG, ID
SUBJECT: PAC-INDO LNG PROJECT

REF: STATE 228523

1. GREATLY APPRECIATE DETAILED INFORMATION PROVIDED REFTEL.
IN SEPTEMBER 12 DISCUSSIONS WITH MINISTER OF MINES AND
ENERGY SOEBROTO REGARDING PAC-INDO LNG PROJECT, AMBASSADOR
PROVIDED SOEBROTO WITH SUBSTANCE OF PARA 3-8 IN REFTEL.
IN PARTICULAR AMBASSADOR STRESSED THAT DELAYS ARE RESULT
OF COMPLEX REGULATORY PROCEDURES, THAT DISCUSSION BETWEEN
SECRETARY SCHLESINGER AND MINISTER WIDJOJO DID NOT CALL
INTO QUESTION U.S. ACCEPTANCE FROM POLICY POINT OF VIEW OF
SPLIT ESCALATOR, AND THAT FERC'S REGULATORY AUTHORITY IS
LIMITED TO AN EXAMINATION OF SITING ISSUES AT POINT CONCEPT
AS DESCRIBED IN REFTEL.

2. SOEBROTO SHOWED AMBASSADOR TWO TELEXES FROM CALIFORNIA
UTILITY OFFICIALS REGARDING FERC DELIBERATIONS ON THE
PROJECT. ACCORDING TO ONE TELEX, FERC STAFF HAS FILED AN
OBJECTION TO THE REVISED PRICE ESCALATOR, ARGUING THAT
ONLY A 100 PERCENT U.S. GENERAL ECONOMIC INDEX IS
ACCEPTABLE. OTHER TELEX DESCRIBED FERC JUDGE GORDON'S
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DECISION TO PERMIT HOLLISTER RANCH TO DIRECT QUESTIONS
AT PERTAMINA ABOUT THE HYDROLOGY OF ARUN HARBOR AND
ASSOCIATED MATTERS.

3. AMBASSADOR ACKNOWLEDGED EMBASSY UNAWARE OF THESE
SPECIFIC DEVELOPMENTS BUT THAT ON PRICING ISSUE IT
APPEARED FERC STAFF, ACTING AS AN INTERESTED PARTY, WAS

MAKING ITS OPINION KNOWN TO ERA WHICH WE ARE ASSURED
HAS ULTIMATE JURISDICTION ON ALL PRICING ISSUES.

4. SOEBROTO THEN ASKED DIRECTLY "HOW LONG" BEFORE A
"FINAL DECISION", INCLUDING SITING AND APPEALS PROCE-
DURE, CAN BE MADE. AMBASSADOR REPLIED THIS IS NOT
POSSIBLE TO PREDICT BUT EXPRESSED HOPE THAT ONCE PRICE
ESCALATOR IS RESOLVED THE REVIEW OF SITING
QUESTIONS COULD PROCEED AS QUICKLY AS POSSIBLE.

5. EMBASSY COMMENT: ALTHOUGH PRICING HURDLE IS
CLEARLY GOI'S MAJOR PREOCCUPATION AT THIS TIME,
SOEBROTO SEEMS WELL AWARE, AT LEAST GENERALLY, OF THE
POTENTIAL FOR OTHER DEALYS IN U.S. DECISION MAKING ON
THIS LNG PROJECT.
MASTERS

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NNN

Message Attributes

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